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Beef Demand Weakens as Pork Recovers

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Report Highlights:

Post forecasts a 310 TMT drop in beef production in 2017 as cattle numbers decline 1.6 percent, mostly at dairy farms impacted by a lack of development funds. Cattle imports are forecast to fall to 50,000 head, as the beef industry utilizes more local dairy bulls in feedlots. Beef consumption declines to 1.785 MMT, while pork recovers to pre-crisis levels, 3.255 MMT. Pork production will grow to 2.98 MMT with heavier animals slaughtered. Beef and pork imports will drop due to shrinking demand for frozen meat from processed meat producers. Trade restrictions and the TRQ continue to influence trade. The Russian government is revising its support program to improve loan availability for the most efficient producers.

General Information

NOTE: USDA unofficial data excludes Crimean production and exports. As of June 2014, the Russian Federal State Statistics Service (Rosstat) began incorporating Crimean production and trade data into its official estimates. Where possible, data reported by FAS/Moscow is exclusive of information attributable to Crimea.

Executive Summary

Cattle Production

Total inventories are anticipated to decline 1.6 percent by the end of 2017 due to continued stagnation of dairy farms and low incentives for the inflow of private capital required to develop the beef production sector. Margins for cattle operations remain low mostly due to the high cost of capital in Russia. Because of the current market constraints, state support will focus on reducing of the cost of capital and creating incentives, particularly for major projects with a record of effective use of funds in the past. Beef herds at a few major beef farms in the Central Federal District are growing.

Cattle Trade

FAS/Moscow decreased its forecast of live cattle imports to 50,000 head in 2017 as shipments of beef steers from for feedlots halt due to cattle price increase in Australia, while imports of dairy heifers from the EU may stabilize or even exceed the 2016 volume. Beef industry leaders are purchasing affordable calves from local dairy farms for their feedlots over pedigree imported beef cattle. Strong demand for replacement dairy heifers in Russia is one of a few persistent trends of the country's volatile milk and dairy market.

Beef Production

FAS/Moscow slightly revised its 2017 beef production forecast by 0.005 MMT to 1.310 MMT due to weak demand for beef and the continued decline of cattle inventories, in particular dairy cows. Despite improvement in the macroeconomic outlook, consumer demand for beef has fallen deeper in 2016 than previously forecasted. Good feed crops and favorable feed prices allowed farmers to keep cattle on feedlots longer, slaughtering fewer, heavier animals.

Beef Trade

With a significantly reduced forecast of beef imports in 2017 to 485,000 MT (CWE), FAS/Moscow anticipates a 6.4 percent annual decline. Meat processors traditionally consume most imported frozen beef, but the sector contracted considerably during the crisis of 2014-2016. Counter sanctions trade restrictions and the tariff rate quota (TRQ) regime continue to influence beef trade in 2017. Russia shows interest in additional beef exporters since Belarus and Brazil have increased market power recently.

Beef Consumption

FAS/Moscow significantly revised its 2017 beef consumption forecast to 1.785 MMT, which is a 3.25 percent decline from the also reduced 1.843 MMT estimate for 2016. Declining demand for traditional processed meat products negatively impacts beef as one of the ingredients. A government decision banned imported food for state and municipal purchases, which additionally favors consumption of pork and poultry of EAEU origin.

Swine Production

Swine numbers are anticipated to increase 2.2 percent by the end of 2017 to 22.335 million head. Growth in industrial farms has offset the decrease of swine numbers at backyard farms. The top 20 producers continue implementation of their investment projects. Investments are shifting from production expansion to operational efficiency. African Swine Fever (ASF) was a strong factor contributing to smaller than anticipated inventories in January 2017; however, fewer swine for slaughter due to ASF supported pork wholesale prices in 2016.

Swine Trade

Expecting no change from 2016 volumes, FAS/Moscow forecasts 8,000 head live swine imports and 8,000 head live swine exports in 2017. Considering the zero import tariffs and existing demand for breeding animals and 5 percent tariff for commercial hogs, an increase in live pig trade is possible as soon as Russia lifts its ASF SPS ban against the European Union (EU). However, the consensus of opinion is that this will not happen before the end of 2017.

Pork Production

FAS/Moscow increased its 2017 pork production by 0.08 MMT to 2.98 MMT (CWE). Commercial pork production will further expand and replace unbranded chilled pork from backyard farms and frozen pork imported from Latin America. As in the poultry industry, Russia's industrialized pork producers are approaching the capacity to satisfy domestic demand.

Pork Trade

Reducing the forecast of pork imports in 2017 to 300,000 MT (CWE), FAS/Moscow anticipates 13.5 percent annual decline due to faster than anticipated growth in domestic production. In addition, similar to the beef market, shrinking demand from the meat processing sector will contribute to a reduction of frozen pork imports.

Pork Consumption

FAS/Moscow forecasts 2 percent growth of pork consumption to 3.255 MMT (CWE) in 2017. Per capita pork consumption is anticipated to recover to the pre-crisis level of 2013 or approximately 22.9 kg (CWE). Producers offer very attractive discounts, which appeal to consumers who continued looking for promotional sales in the second half of 2016. Pork started regaining market share despite the fact that the consumer price of pork remained higher than for chicken meat. Official statistics show the average consumer price for one kg. of pork meat in January 2017 at 261 rubles, a 1.9 percent decrease year-on-year. Meanwhile, the consumer prices for broiler (in rubles) have increased by 4.4 percent year-on-year.

Cattle

Table 1. Russia: Cattle Numbers, 1,000 Head

Animal Numbers, Cattle Market Begin Year Russia	2015		2016		2017	
	Jan 2015		Jan 2016		Jan 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stocks	19,152	19,152	18,838	18,879	18,430	18,568
Dairy Cows Beg. Stocks	7,982	7,982	7,800	7,800	7,580	7,560
Beef Cows Beg. Stocks	490	490	520	548	540	626
Production (Calf Crop)	6,600	6,620	6,520	6,550	6,360	6,410
Total Imports	144	144	65	63	90	50
Total Supply	25,896	25,916	25,423	25,492	24,880	25,058
Total Exports	25	25	15	11	20	10
Other Slaughter	6,655	6,635	6,613	6,548	6,460	6,420
Total Slaughter	6,655	6,635	6,613	6,548	6,460	6,420
Loss	378	377	365	365	350	328
Ending Inventories	18,838	18,879	18,430	18,568	18,050	18,270
Total Distribution	25,896	25,916	25,423	25,492	24,880	25,028
(1,000 HEAD)						

NOTE: Not Official USDA data;

Official USDA data is available at <http://apps.fas.usda.gov/psdonline/>

Cattle Production

As of January 1, 2017, Rosstat reported 18.568 million head total cattle and 8.186 million head of cows; at all farms total inventories declined by 1.64 percent, cows by 1.94 percent. FAS/Moscow has changed the 2015 and 2016 year-end cattle stocks in accordance with official statistics. Total inventories are anticipated to decline 1.6 percent by the end of 2017 due to continued stagnation of dairy farms and low incentives for the inflow of private capital required to develop the beef production sector.

Margins for cattle operations remain low mostly due to the high cost of capital in Russia. Farms depend on government financial support, but the Government of Russia (GOR) is currently revising its agricultural program again. Because of the current market constraints, state support will remain focused on reducing of the cost of capital and creating incentives, particularly for major projects with a record of effective use of funds in the past. After a redesign of agricultural subsidies in the 2017 Federal budget, the most significant difference is that the 54 specific subsidies that the federal center previously distributed to the regions have now been merged to seven major budget lines (enumerated below). Regions will receive funds from the federal budget as “unified agricultural subsidies”, from which their

regional agricultural authorities will identify projects to support.¹ The changes to the available financial instruments have added uncertainty to the financial planning of dairy farms, and will offset the positive effects of increased prices for raw milk in 4th quarter of 2016, 1st quarter 2017.

One positive trend in the market is growth of beef herds at a few major beef farms located mostly in the Central Federal District. FAS/Moscow increased its beef cow numbers to reflect the developments of major beef projects (ABH “[Miratorg](#)”, Group of Companies “[Zarechnoye](#)”), based on the publically available data.

Cattle Trade

FAS/Moscow decreased its forecast of live cattle imports to 50,000 head in 2017, which is a 19.3 percent decline from 62,000 head imported in 2016. Shipments of beef steers for feedlots will likely continue to decline in 2017, while imports of dairy heifers may stabilize or even exceed the 2016 volume.

If increased prices for feeder cattle in Australia² continue, along with price volatility in the world market and high currency rates risks, then shipments of cattle for slaughter will decline. Russian culinary traditions, taste for processed³ and minced meat products⁴, as well as declining demand for beef also motivated the beef industry leaders to purchase more affordable calves from local dairy farms for their feedlots, a slight change back from pedigree imported beef cattle herds toward local dual-purpose and even calves of modern dairy breeds.

However, estimates are subject to wide variation based on market pressures. If world prices for beef steers decline and 2017 brings another good crop of forage wheat and soy in Russia’s black soil regions, the imports of beef steers may pick up in the second half of 2017. Modern slaughterhouses and feedlots in Bryansk and Voronezh have enough unused capacity to feed and process additional cattle. Because major beef importers also produce beef, those producers who operate feedlots will choose feeder cattle depending on prices for beef in the world market, costs of forage, and currency exchange rates.

Strong demand for replacement dairy heifers in Russia is one of a few persistent trends of the country’s volatile milk and dairy market. According to industry contacts, 2016 was another year in which factors other than demand constrained imports. Instead, volatile exchange rates and changes of the state support program, resulting in difficulties financing new cattle purchases, were the main limits on imports. Growth of dairy prices in the last quarter of 2016 first quarter of 2017 may improve financial performance such that farms can borrow funds for development at reasonable interest rate; as a result, imports of purebred breeding dairy heifers may exceed 2016 levels, in particular in the second half of 2017.

¹ Please refer to Federal Law # 415-FZ “On Federal Budget for 2017 -2019.” Article 25. “[State Program of development of agriculture and regulation the market of agricultural products, commodities and food in 2013-2020](#)”. And GAIN Reports RS1708 “2017 Poultry and Products Semi-Annual Report” for more detailed information.

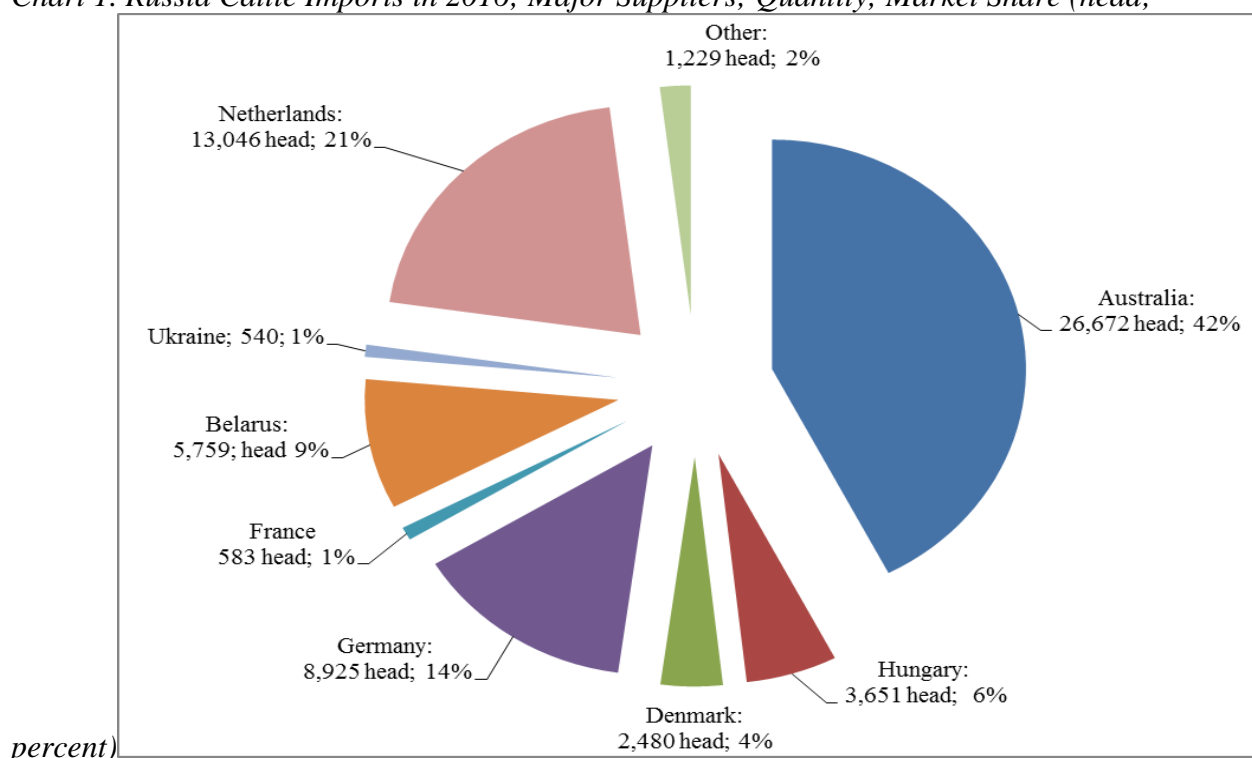
²Prices for feeder cattle were on average up 80 percent higher year-on-year in the end of 2016 in Australia. “Live exports will be challenged by the smaller pool of cattle (especially in the north), resistance from some markets at current price levels and continued uncertainty around import policies.” Source: <https://www.mla.com.au/prices-markets/Trends-analysis/cattle-projections/>

³ “kolbasa”

⁴ “pelmeni”, “kotlety”

The Federal Customs Service reported 62,885 head live cattle imports in 2016 with a total value of USD 106.266 million. Compared to 2015, the annual decline of cattle imports was 56.4 percent in absolute numbers, while in value the imports declined only 39.4 percent. On average, importers paid USD 1,689 per head, or 38.84 percent more than in 2015. Russia imported 26,672 steers for feedlots from Australia (HS Code 010229) in 2016. Feeder cattle arrived from Australia in three shipments, the last one in April 2016. No commercial cattle for slaughter were imported from Australia the second half of the year. Imports of dairy heifers from the EU grew 5 percent in quantity, but declined approximately 10 percent in value, as exporters reportedly offered discounted prices. Major heifer suppliers are the Netherlands (13,046 head), Germany (8,925 head), Hungary (3,651 head), Denmark (2,480 head), France (583 head), and Ukraine (540 head). In particular, in 2016 the Netherlands increased shipments of dairy heifers to Russia by 36.4 percent, and Germany by 5.3 percent.

Chart 1. Russia Cattle Imports in 2016; Major Suppliers; Quantity; Market Share (head; percent)



Source of Data: Federal Customs Service of Russia

The United States and Canada used to be key suppliers to Russia but did not export any live cattle in 2016, mostly due to the risk that currency rates could fluctuate during veterinary quarantine and shipping. However, cattle genetics from North America is in demand as producers improve operational efficiency on their farms. Imports of bovine semen, HS Code 051110, grew 60.7 percent in value in 2016 to 7.88 million USD. The United States and Canada together accounted for 85 percent of this trade, a trend which is expected to continue in 2017.

The Russian government is remodeling its agricultural program⁵, but the focus on improvement of genetics of the national cattle herd will remain strong in 2017. The counter-sanctions trade restrictions on agricultural products from major western suppliers do not apply to live cattle and genetic material. The zero VAT rate applies to trade operations with domestic and imported purebred breeding cattle, semen and embryos of purebred breeding bulls until December 31, 2020.⁶ GOR intends to support breeding work and enhance the genetic evaluation system.

FAS Moscow decreased its cattle exports forecast to 10,000 head in 2017, which is a minor decrease from the revised 2016 estimate. In 2016, live cattle exports dropped 58 percent in quantity to 10,804 head and 25 percent in value to USD 4.98 million. The decrease of shipments from Russia is due to high prices for cattle in the domestic market. Meat plants in Russia are paying better prices for slaughter cattle than importers from neighboring countries. Some recovery in cattle exports to two traditional destinations, Azerbaijan and Kazakhstan, is possible in 2017 if recovering oil prices improve the economic situation in these oil-exporting countries.

⁵ [Program of Agricultural Development in 2013-2020](http://www.mcx.ru/documents/document/v7_show/36971..htm) aims to create favorable conditions for fast growth of agricultural production in Russia and strengthen competitiveness of Russian products. The Program consisted of 11 eleven sub-programs, and 45 “main activities”. The priority projects for subsidies were the projects with strong potential for import-substitution. In 2015-2016 Industry has reached its self-sufficiency goals in pork, poultry and other priority products, excluding beef and dairy. The Ministry of Agriculture drafted amendments to the current program to substitute the components needed for meat production: hatching eggs, minerals, vitamins, feeds, equipment. As of the date of the Report the draft is pending government approval. The draft of the new program is available in Russian here: http://www.mcx.ru/documents/document/v7_show/36971..htm

⁶ The VAT exemption is also applicable to purebred breeding animals and genetic material of other agricultural animals including poultry (hatching eggs), swine, sheep, goats, and horses. In case of imports, the exemption shall be granted upon the submission of the documents to Customs in accordance with the Federal law 123 FZ – 08.03.1995 On Livestock Breeding.

Beef

Table 2. Russia: Beef and Veal Production, Supply & Distribution (1,000 MT CWE⁷)

Meat, Beef and Veal Market Begin Year Russia	2015		2016		2017	
	Jan 2015		Jan 2016		Jan 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	6,655	6,655	6,613	6,548	6,460	6,430
Production	1,355	1,355	1,340	1,335	1,315	1,310
Total Imports	621	621	585	518	585	485
Total Supply	1,976	1,976	1,925	1,853	1,900	1,795
Total Exports	10	10	10	10	10	10
Human Dom. Consumption	1,966	1,966	1,915	1,843	1,890	1,785
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	1,966	1,966	1,915	1,843	1,890	1,785
Ending Stocks	0	0	0	0	0	0
Total Distribution	1,976	1,976	1,925	1,853	1,900	1,795

(1,000 HEAD; 1,000 MT CWE)

NOTE: Not Official USDA data;

Official USDA data is available at <http://apps.fas.usda.gov/psdonline/>

Beef Production

FAS/Moscow slightly revised its 2017 beef production forecast by 0.005 MMT to 1.310 MMT due to weak demand for beef and the continued decline of cattle inventories, in particular dairy cows. Specialized beef cattle businesses were introduced to Russia about ten years ago, but despite a growing number of beef farming projects, over 90 percent of beef still originates from dairy cattle. Table XX shows the development of specialized beef producing farms between 2010 and 2015, which is a low percentage of total beef production.

Table 3: Production of Cattle for Slaughter (live weight), New Farms Only

Indicator	YRS					
	2010	2011	2012	2013	2014	2015
New beef cattle farms (N)	111	41	67	41	39	60
Modernized beef cattle farms (N)	20	26	13	24	26	47

⁷ CWE – Carcass Weight Equivalent

Indicator	YRS					
	2010	2011	2012	2013	2014	2015
Production of cattle for slaughter (1,000 MT, live weight)	7.1	2.0	1.6	2.7	5.3	44.0
Beef Cattle on new farms (Head)	32,711	14,675	86,839	16,915	109,703	76,864
Beef cattle on modernized farms (Head)	3,659	3,554	2,153	5,944	8,028	11,821

Source: Source: Rosstat Report on 2013-2020 Agricultural Program Implementation

The 2016 production estimate has been corrected to 1.335 MMT in accordance with preliminary Rosstat production data, also 0.005 MMT less than the previous forecast⁸.

Despite some improvements of the macroeconomic outlook, consumer demand for beef has fallen deeper in 2016 than previously forecasted. Good feed crops and favorable feed prices allowed farmers to keep cattle on feedlots and pastures longer, slaughtering fewer, heavier animals. Weak demand for beef impacted the domestic industry less than non-banned suppliers; therefore, the 2016 beef import estimate and 2017 beef import forecasts have been reduced significantly.

Beef Trade

FAS/Moscow significantly reduced the forecast of beef imports in 2017 to 485,000 MT (CWE), anticipating a 6.4 percent annual decline of imports. FAS/Moscow changed 2016 beef imports estimate to 518,000 MT (CWE) from the previous 585,000 MT (CWE). Imports of frozen beef usually grow July-December compared to January-June, but this did not happen in 2016 due to weak demand for frozen beef from the meat processing sector and strong competition from domestically produced pork and poultry.

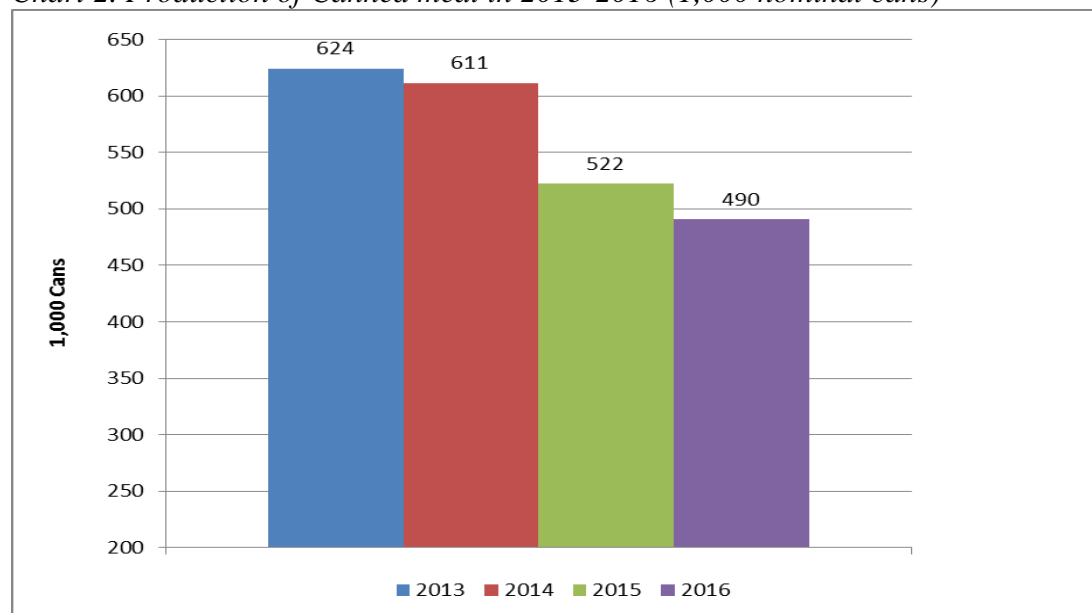
Meat processors traditionally consume most imported frozen beef, but the sector has and contracted deeper than previously anticipated due to the crisis of 2014-2016. According to official statistics, production of sausages contracted approximately 0.5 percent in 2016. Moreover, canned meat production has fallen approximately 20 percent in four years. Imported frozen beef used to be a traditional ingredient for meat preserves, in particular for state procurement needs⁹. However, on August 22, 2016, GOR issued [Decree # 832](#) to ban goods originating from non-EAEU member countries

⁸ Official statistical data on beef and milk production by backyard farms in Russia is included in the FAS/Moscow PSD. The Rosstat approach to calculation of cattle, beef, and milk numbers is a subject for constant critique from the industry, but data will likely improve since the 2016 All-Russian Agricultural Census. The census was conducted in July-November 2016, preliminary results will be released in the fourth quarter of 2017, and the publication of final data is scheduled for the fourth quarter of 2018. Interviewers collected data from 45,000 agricultural enterprises (including 21,000 micro enterprises). Participation in the Census was obligatory for registered agricultural businesses. Interviewers reached out each of 219,000 peasant (private) farms and individual entrepreneurs registered in Russia. Sample statistic methods will be used to survey 23 million backyard farms. [Survey](#) questions include age and qualifications of workers, land size, types of crops, yields, fertilizers, use of borrowed funds, state subsidies, innovative operations methods, livestock and poultry inventories and productivity. The previous census (the first in the history of modern Russia) was conducted in July 2006. For more information please refer to <http://www.vshp2016.ru/news/8072/> [RS1593 Classification of Agricultural Producers in Russia](#)

⁹ For more information please refer to <http://rosreserv.ru/>

for public procurement purposes. The Decree contains a list of various products subject to the ban including chilled and frozen beef and veal, chilled and frozen pork, and chilled (but not frozen) poultry meat. If [State and municipal procurement](#) services switched to locally produced pork and poultry, which is reasonable given meat prices, then demand for imported beef would fall even more.

Chart 2. Production of Canned meat in 2013-2016 (1,000 nominal cans)



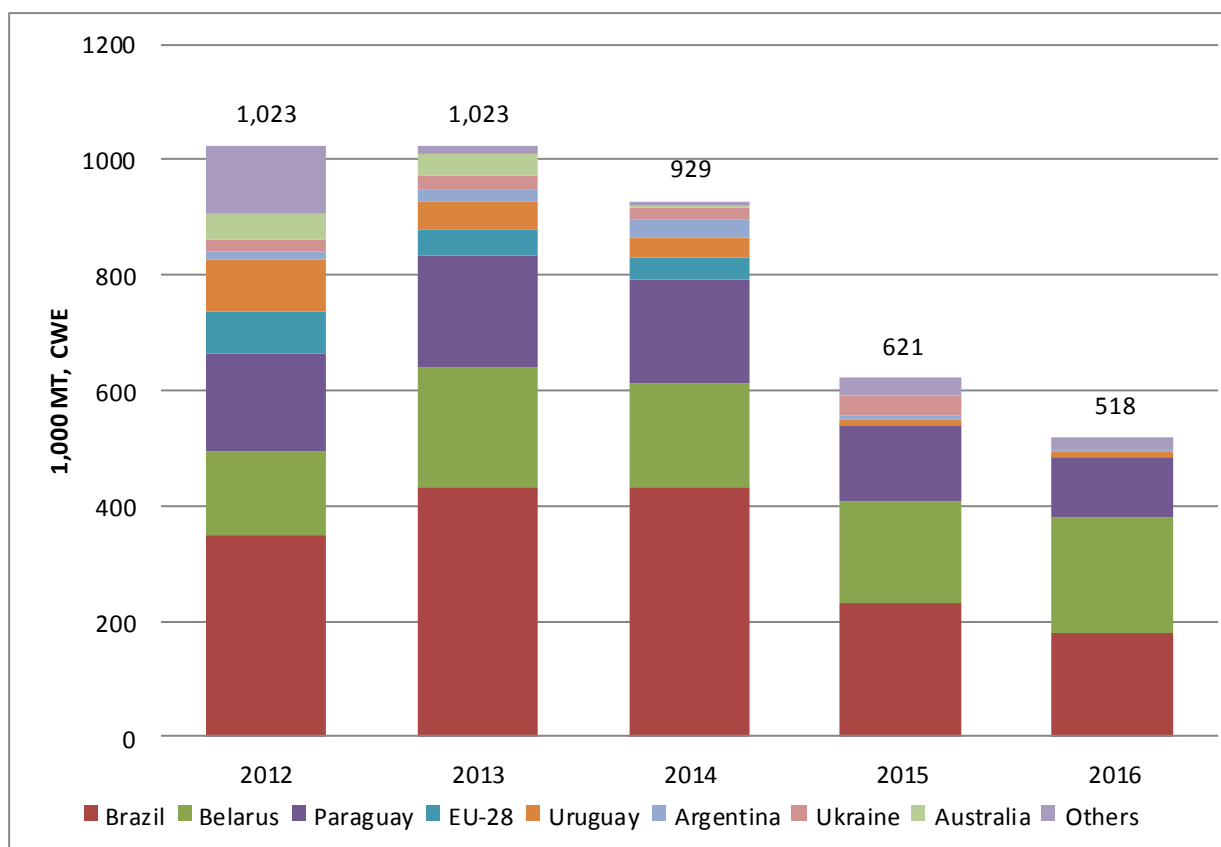
Source: Rosstat

According to the National Union of Meat Processors (NUMP)¹⁰, margins in the sector decreased 10 percent on average since the beginning of 2015. NUMP estimates that expenses of sausage producers increased 45 percent in 2014 and 15 percent in 2015, while retail prices for sausages increased 19 percent and 5 percent correspondently. Many meat processing businesses are balancing on the precarious edge of profitability¹¹. At the same time, large meat producers from the domestic top twenty list were actively developing their own meat processing and branding. As a result, affordable locally produced chilled or marinated pork and poultry is winning the market from half-cooked and ready to eat processed meat products made from imported meat, in particular from frozen beef.

Chart 3. Russia's Beef imports in 2012-2016 (CWE)

¹⁰ <http://nsmrf.ru/>

¹¹ Article in Russian: "Meat Processors' Margins Fall" <http://www.kommersant.ru/doc/3224987>



Sources: Federal Customs Service of Russia; Belstat data used for trade with Belarus in 2012-2014.

Belarus, Brazil, and Paraguay accounted for 93 percent of Russia's beef imports in 2016, and most likely these three countries will remain the key exporters in 2017. Belarus increased its beef exports to Russia by 12 percent compared to the previous year, and shipped 198,856 MT CWE. Both Brazil and Paraguay decreased their beef exports to Russia by 21 percent to 180,741 MT CWE and 104,403 MT CWE, respectively. The total value of Russian beef imports in 2016 was 1.142 billion USD.

Counter sanctions trade restrictions and the tariff rate quota (TRQ) regime continue to influence beef trade in 2017. The counter-sanctions ban on a variety of agricultural products (including beef, HS codes 0201, 0202, and 0210) from a number of western countries is effective at least until the end of 2017. The tariff rate quota trade regime continues without change in 2017 for non EAEU-members. Russian importers are currently allowed to bring in 40,000 MT of chilled beef and 530,000 MT of frozen beef under 15% in-quota tariff rates (compare to 55% tariff out of quota).

As estimated by E-Meat, importers utilized 39.7 percent of TRQs for frozen beef (HS Code 0202), which amounted to 210,300 MT in 2016. Approximately 93 percent of all beef imports from outside of the EAEU were in-quota shipments of frozen beef. The imports of chilled beef from non-EAEU exporters almost stopped.

Suppliers from the EAEU do not pay tariffs when exporting to Russia. However, shipments from EAEU countries, in particular Belarus, are unlikely will grow significantly in 2017. Fresh or chilled beef (HS Code 0201) accounts for approximately 70 percent of imports from Belarus. Competition in the chilled

and premium segments has intensified because Russia's industry leaders aim to increase sales of branded chilled beef.

Bilateral trade relations between Russia and Belarus worsened in the end of 2016, and multiple disputes remain unsolved as of the date of the report. After both countries issued a series of unfriendly SPS trade restrictions, a lawsuit was filed in Belarus against the head of Russia's Sanitary-Phytosanitary Surveillance Service (VPSS or Rosselkhoz nadzor). Multiple media sources report that Russia is searching for additional suppliers of beef (and dairy) products to reduce the market power Belarus and Brazil have gained since 2014.

Beef Consumption

The annual contraction in retail trade slowed to 4.9 percent in 2016 from 14.1 percent in 2015. According to Russia's Ministry of Economic Development, real wages have stopped declining in all sectors since August 2016; annualized food inflation in 2016 was 4.6 percent. The economic outlook has slightly improved; however, after two years of intensive reduction, the demand for beef continues to fall due to vigorous price competition from other meats. FAS/Moscow significantly revised its 2017 beef consumption forecast to 1.785 MMT, which is a 3.25 percent decline from the estimated, also reduced 1.843 MMT consumed in 2016.

Development of the retail sector has had a significant influence on consumption patterns. For example, chilled meats and modern half-cooked meat products are replacing frozen meat and processed meat products. Declining demand for traditional processed meat products, such as cold-smoked salami, negatively impacts beef as the traditional main ingredient. Demand for beef in retail and processing was further weakened by a government decision to ban imported food for state and municipal purchases that additionally favored consumption of pork and poultry of EAEU origin over frozen beef from Latin America¹².

The share of top ten largest leading retail chains continued to grow toward 27 percent of the market in 2016 and is expected to reach up to 40 percent of the market¹³. Expansion will continue in 2017: the second largest chain in Russia, X5 Retail Group, has announced plans to open 2,000 new grocery stores. Modern retail offers enhanced logistics and storage capacity and brings new types of fresh and extra fresh products to new locations. It shapes new consumption trend such as growing consumption of chilled meat, growing sales of branded products and private labels, growing sales of cuts and semi-cooked meat products, declining bulk sales of unbranded whole frozen meat, and declining meat distribution via traditional farmers markets and independent sellers. In a market where consumers economize on many items, one surprising new trend is the growth in consumption of premium chilled beef cuts while less expensive frozen beef is losing the market.

Swine

¹² Please refer to Beef Trade part of the report for details

¹³ Expansion of leading retailers selling meat and poultry: "Magnit" 9,955 convenience stores, 230 hypermarkets, 174 "Family Magnit" supermarkets (approximately 1,130 new grocery stores in 2016); X5 Retail Group total more than 9,000 stores (approx. 2,000 new stores in 2016); Group of companies "Dixy" total 2,634 (80 new stores); "Auchan" total 301 stores (37 new stores in 2016); "Lenta" total 190 hypermarkets in 77 cities and 50 supermarkets in Moscow, Saint-Petersburg, and Central Federal District (51 new hypermarket and 18 new supermarkets)

Table 4. Russia: Swine Numbers, 1,000 Head

Animal Numbers, Swine Market Begin Year Russia	2015		2016		2017	
	Jan 2015		Jan 2016		Jan 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	19,405	19,405	21,267	21,345	22,300	21,885
Sow Beginning Stocks	2,420	2,420	2,480	2,480	2,540	2,530
Production (Pig Crop)	39,760	39,830	41,031	41,474	42,316	42,970
Total Imports	2	2	5	8	6	8
Total Supply	59,167	59,237	62,303	62,827	64,622	64,863
Total Exports	2	2	3	7	2	8
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	35,800	35,800	37,700	38,550	39,500	40,100
Total Slaughter	35,800	35,800	37,700	38,550	39,500	40,100
Loss	2,098	2,090	2,300	2,385	2,370	2,400
Ending Inventories	21,267	21,345	22,300	21,885	22,750	22,355
Total Distribution	59,167	59,237	62,303	62,827	64,622	64,863

(1,000 HEAD)

NOTE: Not Official USDA data; Official USDA data is available at <http://apps.fas.usda.gov/psdonline/>

Swine, Production

FAS/Moscow anticipates 2.2 percent increase of swine numbers by the end of 2017 to 22.335 million head. In accordance with official Rosstat data, FAS/Moscow has changed its 2017 beginning swine inventory estimate for to 21.885 million head, 0.415 million head fewer than the previous estimate, but still 2.4 percent increase.

As of January 1, 2017, swine inventories at commercial farms were 4.5 percent (0.791 million head) higher than in January 2016. Growth in the industrial farms has offset the 7 percent (0.234 million head) decrease of swine numbers at backyard farms, and 3.5 percent (0.016 million head) decrease at small peasant farms¹⁴. The swine herd is anticipated to grow in 2017 as leading commercial pork producers continue implementation of their investment projects.

Industry leaders have invested in parent herds with focus on animal health and improved sow productivity for about ten years, and these investments are paying back: the pig crop in 2016 was better than anticipated. FAS/Moscow increased its 2016 swine production estimate by 0.44 million piglets, and the 2017 forecast by 0.65 million.

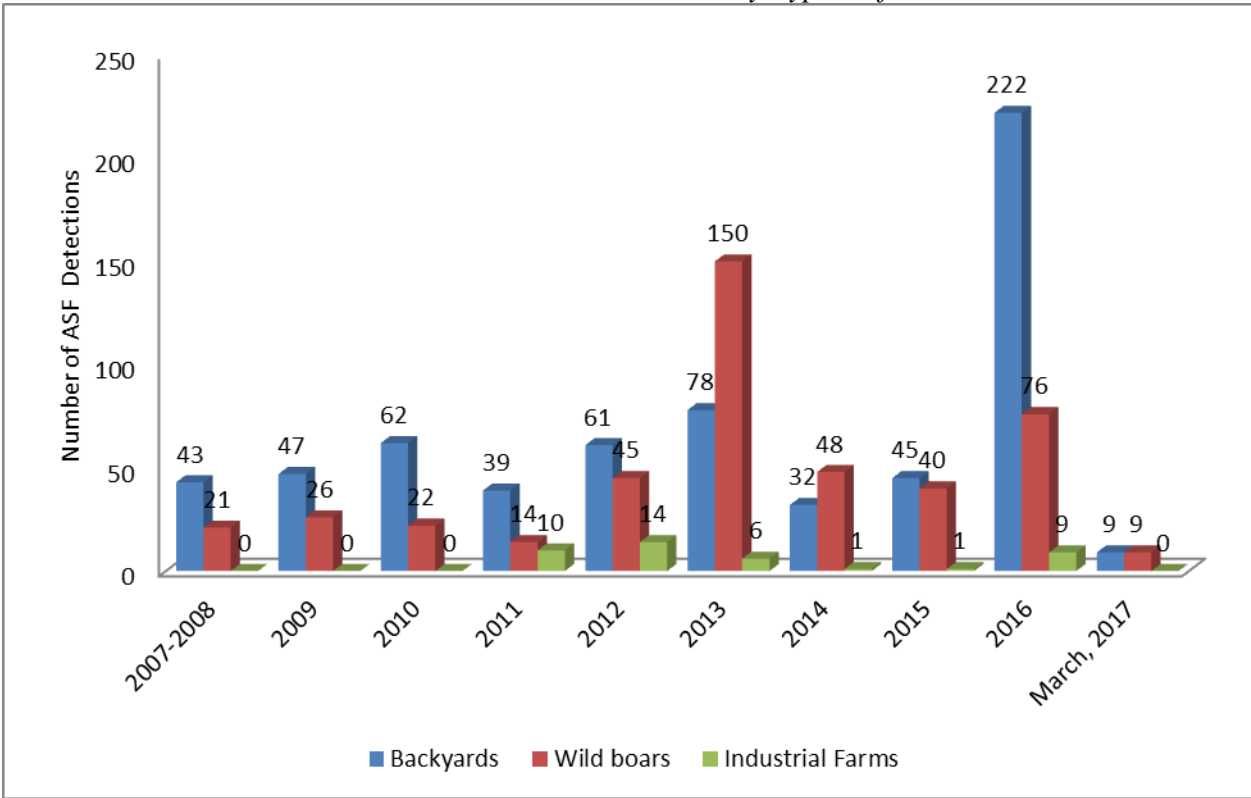
Another positive factor was the good forage grain crop in the major pork producing regions. Large, vertically integrated pork companies now produce most of the necessary compound feeds for their livestock, so most of industry leaders were able to save on feed ingredients and get heavier animals for slaughter. These improvements allowed a 10 percent increase of meat production out of a 7.6 percent

¹⁴ Source: Rosstat

increase of slaughter swine numbers. The ability of these producers to maintain smaller herds while improving efficiency has resulted in smaller year-end swine inventories.

African Swine Fever (ASF) was a strong negative factor contributing to smaller than anticipated inventories in January 2017. Russian Federal Veterinary and Phytosanitary Surveillance Service (VPSS) reported 298 ASF cases in 2016, including 222 detections in domestic pigs and 76 in wild boars. Nine commercial facilities have been impacted, with over 230,000 head of live swine destroyed¹⁵. The number of outbreaks in 2016 significantly exceeded the VPSS [forecast](#) released in the beginning of the year. Nine new cases of the disease have been detected in domestic swine and nine in wild boars since the beginning of 2017, and the epizootic outlook remains unfavorable in terms of ASF control. For the most recent up-date on ASF notifications please refer to the official [VPSS](#) and [OIE](#) web sites.

Chart 4. ASF in Russia in 2007-March 2017; Detections by Types Infected Facilities



Source

: Rosselkhoznadzor (<http://www.fsvps.ru/fsvps-docs/ru/iac/asf/2017/03-06/03.pdf>)

Swine Trade

FAS/Moscow forecasts 8,000 head live swine imports and 8,000 head live swine exports in 2017, unchanged from the 2016 volumes. There are over one hundred specialized swine breeding farms in Russia, and these businesses are interested in a continual supply of quality genetics from all leading breeders. Breeding farms will likely continue imports of quality genetics because, similar to live cattle, live swine and swine genetic material are excluded from the [trade restrictions](#) which the GOR imposed in August 2014 and extended until the end of 2017.

¹⁵ <http://www.interfax.ru/russia/545683>

Rosselkhoznadzor banned the import of live swine in 2014 from Russia's historical major supplier, the European Union (EU), due to concerns regarding African Swine Fever (ASF)¹⁶. The EU quickly initiated a World Trade Organization (WTO) dispute over the ban, and in August 2016, a WTO dispute resolution panel found that Russia's country-specific swine and pork ban did not conform to relevant World Organization for Animal Health (OIE) standards and was therefore inconsistent with Russia's obligations under WTO rules. Russia appealed the dispute resolution but lost the appeal. The WTO issued an Appellate Body Report on February 23, 2017. According to the response from Russia's Ministry of Economic Development, "the Russian Federation will fully implement the decision of the WTO Appellate Body.... The time period for such implementation will be either mutually agreed by the parties to the dispute or determined by an arbitrator."¹⁷

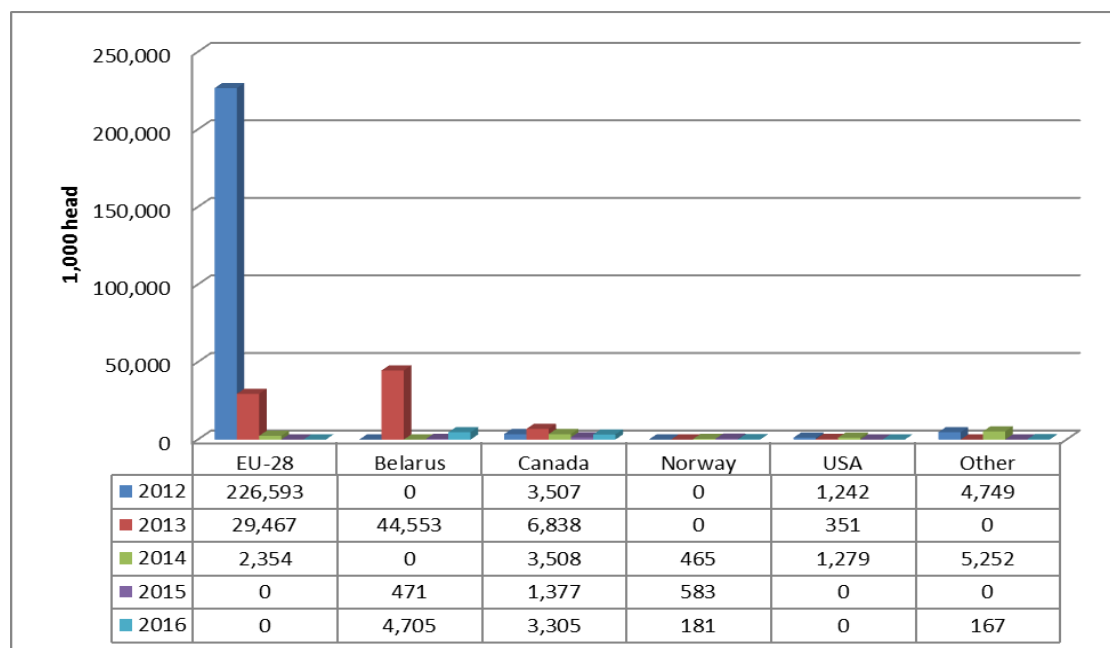
The EU exported approximately 30,000 head of swine for slaughter to Russia in 2013, before the ASF ban; and hundreds of thousands in the previous years. Despite the significant boost of pork production in Russia, prices for live pigs in the EU are still lower. For example, in the beginning of February 2017 the price for live pigs in Germany was 1.19 USD per kg. compared to 1.72 USD per kg. in Russia¹⁸. Considering the zero import tariff for breeding animals and 5 percent tariff for commercial hogs, a large increase in live pig trade is possible as soon as Russia lifts its SPS ban. However, the consensus of opinion is that the market will not reopen for live swine from the EU before the end of 2017.

¹⁶ Please refer WTO website for the official summary of Dispute DS475 https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds475_e.htm . Please also refer to the website of Russia's Ministry of Economic Development for Russia's official reaction to the Appellate Body Report.

¹⁷ <http://economy.gov.ru/en/home/press/news/20172402001>

¹⁸ Source: Market Research Agency "E-Meat"

Chart 5. Russia Live Swine Imports in 2012-2016; Major Suppliers; Quantity; Market Share (head; percent)



Source of Data: Federal Customs Service of Russia

In 2016 Russia imported 8,358 head of pigs; 98 percent of which is HS Code 010310, “Swine, Live, Purebred Breeding Animals”. Imports of pedigree pigs from Canada and US were also banned in 2014 due to Porcine Epidemic Diarrhea outbreaks. Canada has since been allowed to re-enter the market¹⁹. The total value of live swine imports in 2016 was USD 12.853 million. Imports increased 243 percent in absolute numbers and 126 percent in value.

FAS Moscow increased its live swine export estimate to 7,000 head in 2016, and 8,000 head in 2017. Russia exported 3,340 head of slaughter swine (HS 010392) to Eastern Ukraine: these shipments accounted for half of Russia’s live swine exports. Other important destinations were Kazakhstan (1,725 head, 25 percent of exports) and Georgia (1,529 head, 23 percent). Any further increase in live swine exports from Russia will prove difficult due to epidemic ASF in the country.

¹⁹ In April 2015 Rosselkhoznadzor lifted its PED-related ban on pedigree animals from Canada, which shipped 1,377 breeding animals in 2015 (unit price USD 2,336) and 3,305 animals in 2016 (unit price USD 2,288).

Pork

Table 5. Russia: Pork Production, Supply & Distribution (1,000 MT CWE)

Meat, Swine Market Begin Year Russia	2015		2016		2017	
	Jan 2015		Jan 2016		Jan 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	35,800	35,800	37,700	38,550	39,500	40,100
Production	2,615	2,615	2,770	2,870	2,900	2,980
Total Imports	408	408	410	347	400	300
Total Supply	3,023	3,023	3,180	3,217	3,300	3,280
Total Exports	7	7	20	25	25	25
Human Dom. Consumption	3,016	3,016	3,160	3,192	3,280	3,255
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	3,016	3,016	3,160	3,192	3,280	3,255
Total Distribution	3,023	3,023	3,180	3,217	3,300	3,280

(1000 HEAD; 1000 MT CWE)

NOTE: Not Official USDA data;

Official USDA data is available at <http://apps.fas.usda.gov/psdonline/>

Pork Production

FAS/Moscow increased its 2017 pork production by 0.08 MMT to 2.98 MMT (CWE) after revising 2016 estimate up by 0.1 MMT (CWE) to 2.87 MMT (CWE). The new forecast anticipates 3.8 percent annual production growth. Commercial pork production will further expand and replace chilled unbranded pork from backyard farms and frozen pork imported from Latin America.

As in the poultry industry, Russia's industrialized pork producers are approaching the capacity needed to satisfy the domestic demand. According to Rosstat, the output at commercial pork farms increased 12.9 percent in 2016. Backyard farms reduced production by 3.7 percent in 2016 due to increased prices for compound feeds, the African Swine Fever outbreak, and costly new sanitary-veterinary requirements, which together almost completely prohibit hogs at non-commercial homestead farms.

The Russian average monthly wholesale prices for pork in rubles²⁰ were lower in 2016 compared to the average prices in 2015, mostly due to excess supply and soft consumer demand. The National Union of Pork Producers (NUPP) estimates the average price decline in 2016 at 12 percent year-on-year. Reduced prices depressed producer margins²¹ but did not constrain growth in the largest companies. Of

²⁰ Note that these prices in US dollars increased 44.3 percent between January 2016 and 2017 due to Ruble to Dollar appreciation and increased prices of exports from Brazil. [Official](#) Rub to Dollar Exchange rate peaked on January 22, 2016 at 83.59 Rub per USD. Official exchange rate as of March 7, 2017 is 58.3 Rub per USD

²¹ Source: Cherkizovo Group (LSE; CHE, MOEX, GCHE). Financial results Q4 2016; Pork division: "In 2016, the average price decreased by 10% year-on-year to 88.28 RUB/kg. This drop was a result of Russian consumers' lower purchasing power and an overall increase in pork production across the country. Adjusted EBITDA decreased to RUB 4.0 billion, a year-

the 20 largest pork producers, which together account for 60 percent of commercial pork, 17 companies increased their output. The net increase for these top 20 producers was 218,000 MT (live weight) in 2016. Small and medium size farms also increased production by 184,000 MT (live weight). The stronger growth was primarily due to improved genetics and focus on better health and efficiency. The record crop of forage grains was another positive in the market that helped smaller producers grow better than expected.

NUPP reports that nine industry leaders plan to continue development and add 1.202 MMT of live swine for slaughter by 2020. High price volatility and veterinary risks remain high in 2017, and smaller farms are more vulnerable to any negative changes. As a result, more intensive consolidation may be seen in the pork sector. (Please refer to GAIN RS 1708 “Semi-Annual Report Poultry and Products” for detailed information on Mergers and Acquisitions in the meat sector in 2016).

Table 6. 20 largest Russian pork companies. Production in 2015-2016

# in 2016 (2015)	Company Name	Pork Production in 2015 ; live weight; 1,000 MT	Pork Production in 2016 ; live weight; 1,000 MT	Change in production; Live weight 1,000 2016/15	Share in total industrial** production; percent in 2016
1/1	<u>ABH “Mirtatorg”</u>	384.9	409	25.0	11.5
2/2	<u>“Rusagro” Group</u>	187.82	190.02	2.2	5.3
3/3	<u>“Cherkizovo” Group</u>	169.56	184.77	15.21	5.2
4/4	<u>“Agro-Belogorje” Group</u>	162.85	164.62	1.77	4.6
5/8	<u>“Velikolukskiy Pork Plant” LTD</u>	85.22	131.02	45.8	3.7
6/6	<u>“AgroProm Komplektatsia” Group</u>	102.13	115.72	13.59	3.3
7/5	<u>“Sibirskaya Agrarnaya Gruppy” ZAO</u>	106.25	111.4	5.15	3.1
7/6	<u>“AgroProm Komplektatsia”</u>	102.13	115.72	13.59	3.3

on-year decrease of 37%. The adjusted EBITDA margin fell to 24.9% in 2016 from 37.9% in 2015.
<http://cherkizovo.com/en/press/company-news/7994/>

	<u>Group</u>				
8/7	<u>Agro Industrial Holding “KoPitania”</u>	93.20	98.54	5.34	2.8
9/11	<u>“Agrofirma Ariant”</u>	61.90	89.12	27.22	2.5
10/14	<u>“Agroeko” LTD</u>	55.25	82.00	26.75	2.3
11/9	<u>“Agro Industrial Corporation Don”</u>	69,19	75.49	6.3	2.1
12/10	<u>“Ostankino” Group</u>	65.00	71.07	6.07	2.0
13/13	<u>“Belgrankorm” LTD</u>	58.74	65.85	7.11	1.9
14/12	<u>“Exima” Agro Industrial Holding</u>	61.00	64.00	3.00	1.8
15/17	<u>“Komos” Group</u>	41.72	52.64	10.92	1.5
16/15	<u>“Kamsky Bacon” LTD</u>	49.01	48.54	0.47	1.4
17/18	<u>Agro Holding “Talina”</u>	41.19	46.8	5.61	1.3
18	OOO “Tavros Management Company”	n/a	46.73	n/a	1.3
19/16	<u>“Prodo Management” LTD</u>	44.80	44.61	-2.4	1.3
20/-	OOO Korall	--	43.84	--	1.2
-/19	<u>Agro Holding “Ohotno”</u>	39.63	--	--	
-/20	<u>“Zvenigovsky SPK” LTD</u>	38.10	--	--	

	Top 20 producers; total	1,917.47	2,135.75	218	60.1
	Other industrialized producers	1,236.58	1,420	184	39.9

Source: National Union of Pork Producers <http://www.nssrf.ru/>

**Industrial production includes output of agricultural organizations and small-private farms

It is anticipated that the first quarter of the year will be challenging for pork business due to the seasonal drop in consumer spending after New Year holidays and traditionally low meat consumption in the first quarter of the year. However, stable feed prices most likely will become a positive in the market in the second half of the year. Favorable weather and soil conditions for winter sowing in the fall 2016 promise another good crop in MY 2016/17. Therefore, the prices for grain components of feeds are expected to be stable in 2017 (Please refer to [RS 1701 “Russian Federation Grain and Feed Update”](#) for crop forecast).

Industry has already built up enough capacity for processing, and focus is shifting from production growth to operational efficiency and production of higher margin, value-added products. The shift of industry leaders (Rusagro, Agrobologorie, Cherkizovo and others) from only selling live pigs to slaughtering and processing meat has resulted in a seasonal shortage of live swine for slaughter. More efficient producers growing their own feeds will continue gaining the market from non-modernized farms. As mentioned above, the government will continue support investments to improve operational efficiency. Only a few major companies will continue to receive subsidies for projects to expand pork production. For example, major agricultural company [Rusagro](#) (ROS AGRO PLC) will receive federal subsidies to expand its pork production in Primorsky Krai (the Russian Far East) to 100,000 MT by 2020, which is the first stage of a major project targeting Asian markets.

Pork Trade

FAS/Moscow revised down the forecast of pork imports in 2017 to 300,000 MT (CWE), anticipating 13.5 percent annual decline due to faster than anticipated growth of domestic production. In addition, similar to the beef market, shrinking demand from the meat processing sector will contribute to a reduction of frozen pork imports. The 2016 pork imports estimate fell to 347,000 MT (CWE) from the previously-forecast 410,000 MT (CWE) also, because pork production at commercial farms grew more than anticipated.

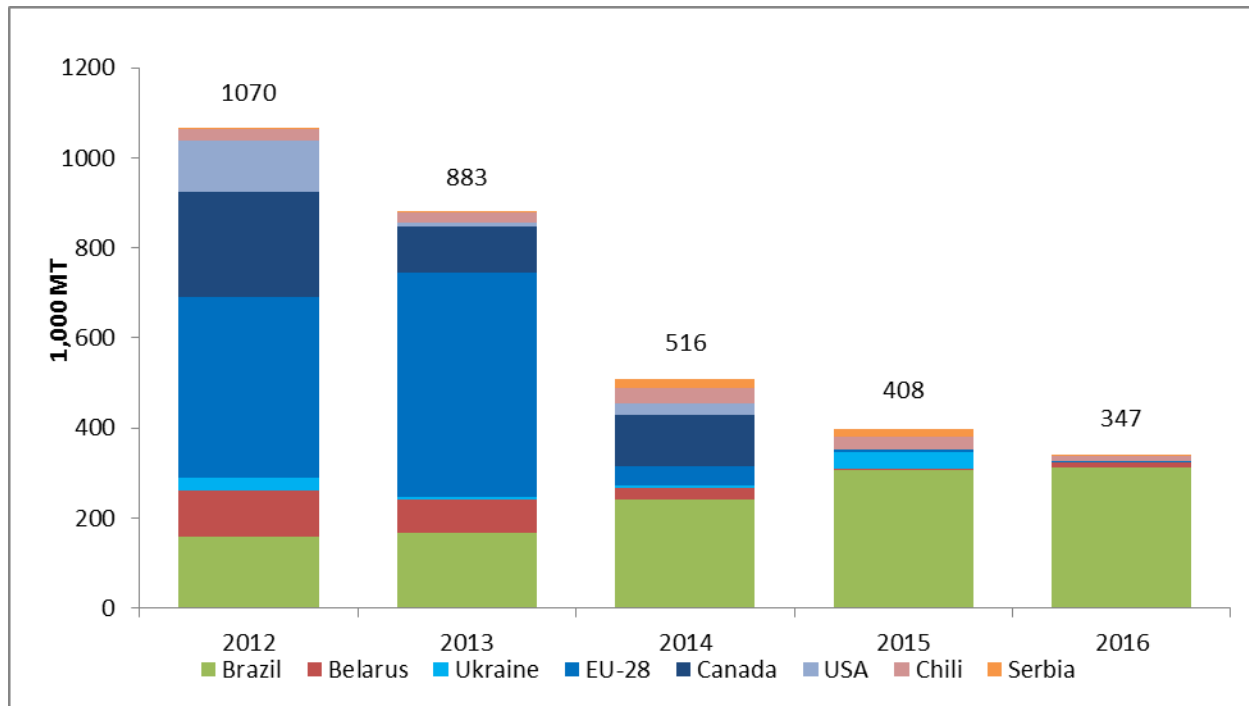
Pork imports in Russia are usually 20-25 percent higher in the 3rd and 4th quarter of the year; however, low pork prices in Russia, higher Brazilian exporter prices²² for Russia, the exchange rates between Ruble and Real, and enhanced sanitary-phytosanitary control over imports resulted in slower pork imports. In the second half of 2016 imports only grew 13 percent over that of the first half.

²²In July-August 2016 pork prices for half-carasses in Brazil grew after JBS SA, the largest meat producer and exporter, raised prices to offset losses due to the weak Real and increased production costs, specifically for feeds.

As a result of intensive consolidation in the pork trade segment, only a few major importers, which are mostly associated with large, vertically integrated meat producing companies, continue profitable pork imports. These companies, in most cases beef and pork TRQ holders, most likely continue to ship frozen pork cuts (HS Code 020329) under the preferential zero tariff rate. In 2016 these importers utilized 55.3 percent of the total tariff quota for pork and shipped 238,000 MT from Latin America. Assuming no significant changes in the trade regime²³, Brazil will likely remain a key supplier. However, actual imports will strongly depend on world pork prices and the currency exchange rates.

²³ Russian importers are currently allowed to bring in 400,000 MT of pork and 30,000 MT of pork trimmings under zero percent in-quota tariff rate. Out-of-quota volumes of pork imports are not limited, regular tariff rate is 65 percent. For information on the original Russian ban, related amendments and other effective trade restrictions please see GAIN reports [RSATO017 Russia Announces Ban on Many US Agricultural Products](#); [RS1455 Amended List of Banned US Agricultural Products](#); [RS1540 Russian Food Ban Extended Until August 2016](#); [UP1602](#) Ukraine Trade Regime Change;

Chart 6. Russia: Pork Imports in 2011- 2016 (1,000 MT; CWE)



Source

s: Source: Federal Customs Service of Russia; Belstat

In 2016, 80 percent of Russia's pork imports were HS Code 020329 ("Meat of Swine, Nesoi, Frozen") and 6.25 percent were HS Code 020321 ("Carcasses and Half-Carcasses of Swine, Frozen"). Belarus ships 86 percent of Russia's chilled pork imports and 56 percent of the imports of prepared or preserved pork (HS code 160249).

FAS/Moscow forecasts Russian pork exports at 25,000 MT (CWE) in 2017, unchanged from the previous forecast and exports estimate in 2016. The Federal Customs Service of Russia reported pork exports increased 284 percent in 2016 to 25,260 MT (CWE), mostly to Ukraine (11,870 MT CWE), Belarus (9,548 MT CWE), and Kazakhstan (1,909 MT CWE). Almost 52 percent of Russia's pork exports in 2016 were shipments to Eastern Ukraine of products under HS Code 020311 (Carcasses and Half-Carcasses of Swine, fresh or chilled) and HS Code 020321 (Carcasses and Half-Carcasses of Swine, frozen). Russia exported 618 MT of frozen pork to Hong Kong and 245 MT to Japan in 2016. An increase in pork exports from Russia in 2017 is unlikely due to epidemic ASF in the country.

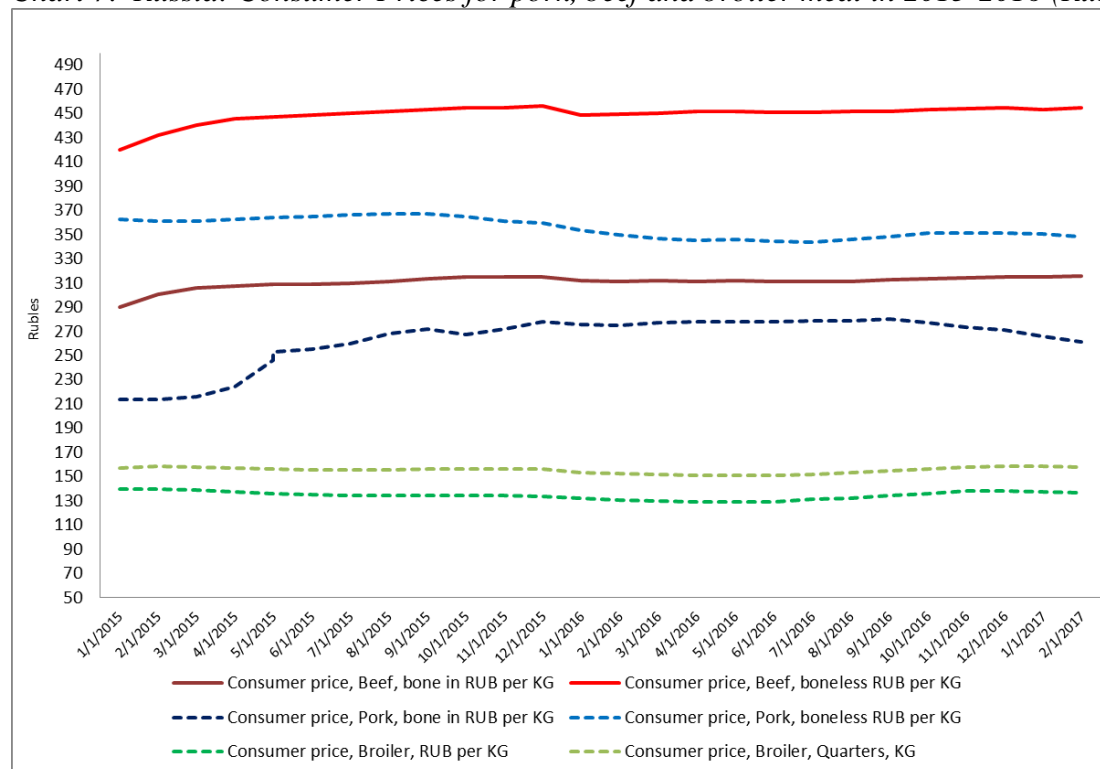
Pork Consumption

FAS/Moscow forecasts 2 percent growth of pork consumption to 3.255 MMT (CWE) in 2017. Per capita pork consumption is anticipated to recover to the pre-crisis level of 2013 or approximately 22.9 kg (CWE). The consumption estimate for 2016 changed to 3.160 MMT (CWE), 5.84 percent annual growth (compare to the previous forecast of 4.7 percent pork consumption recovery).

Producers offered very attractive discounts to consumers, who continued looking for promotional sales in the second half of 2016. Pork started regaining market share despite the fact that consumer price of

pork remained higher than for chicken meat. Official statistics show the average consumer price for one kg. of pork meat in January 2017 at 261 rubles, a 1.9 percent decrease year-on-year. Meanwhile, the consumer prices for broiler (in rubles) have increased by 4.4 percent year-on-year.

Chart 7. Russia: Consumer Prices for pork, beef and broiler meat in 2015-2016 (Rub/kg.)



Source: Rosstat

The main competitor of pork – broiler meat – did not respond to the decline of pork prices with an equivalent decrease due to the limited financial flexibility of poultry producers. In addition, turkey supplies and prices shifted following a High Pathogenic Avian Influenza (HPAI) outbreak in South Russia, which contributed to better demand for swine meat.

After two years of recession, important economic and financial indicators show moderate positive dynamics in the second half of 2016: inflation in 2016 was 5.4 percent, far less than the 12.9 percent of 2015. Experts forecast GDP growth at 1.2-1.5 percent in 2017 and a record low inflation at 4 percent. Despite the continued contraction of disposable incomes, by 5.8 percent in 2016, the poverty rate has stopped growing. Multiple independent market research and official statistical data demonstrate that Russian consumers have adjusted to the crisis²⁴.

²⁴ Please refer to following information available in Russian: Rosstat : [Consumer Confidence Index in IV Q 2016](#); GFK Rus Report “[Year 2016: Russian Consumers are Adjusting to Crisis](#)”; The Nielsen Company Report “[Russian Dairy Market: Outlook and Trends](#)”; National Research University Higher School of Economics “[Russia’s Population in 2016: Income, Expenses, Social Outlook. HSE Monitoring](#).”.

Economic stabilization is the key assumption for projected continued recovery of pork consumption in 2017. GfK Consumer panel data²⁵ showed growth in regular and promo sales of pork in September 2016. Total pork sales grew 11.6 percent while sales of pork in modern retail stores grew 6.1 percent. GfK research showed that all consumer groups are reducing purchases of chicken meat and increasing purchases of pork.

²⁵ Source: GfK Rus Presentation at VIII International Conference NUPP «Pork Industry 2016. New Reality – New Strategy», December 2016 (www.gfk.com)

Production Tables

Table 7. Livestock and Poultry Production Summary in 2016

	Calendar year 2015	Calendar 2016	2016 to 2015, % change
All Farm Types			
Cattle and poultry production; live weight; million MT	13.45	13.9	3.34%
Raw Milk; million MT	30.7	30.7	-0.02%
Eggs; billion pc	42.5	43.5	2.2%
Livestock count as of January, 1st 2017, million heads:			
Cattle	18.9	18.7	-1.6%
Including cows	8.4	8.3	-1.9%
Swine	21.4	22	2.4%
Sheep and goats	24.5	24.8	-0.3%
Poultry	547.2	552.8	1.0%
Agricultural Establishments			
Cattle and poultry production; live weight; million MT	9.85	10.14	5.8%
Raw Milk; million MT	14.71	15.04	2.2%
Eggs; billion pc	33.2	34.2	3.1%
Livestock count as of January 1st 2017; million heads:			
Cattle	8.44	8.33	-1.1%
Including cows	3.38	3.36	-0.9%
Swine	17.5	18.3	4.4%
Sheep and goats	4.3	4.2	-3.3%
Poultry	547.2	552.8	1.0%

Source: Rosstat

Table 8. Specialised beef and mixed cattle

Federal District	Specialized beef cattle 1,000 head				Mixed breed cattle 1,000 head				Specialized beef and mixed cattle produced for slaughter (live weight 1,000 MT)	
	Total		Including cows		total		Including cows			
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Russian Federation	1865,0	2007,6	852,6	930,1	544,2	594,8	209,2	232,4	255,9	317,9
Central FD	399,5	495,4	140,3	173,3	60,6	64,9	15,4	16,3	30,6	77,6
North- Western FD	47,5	56,7	21,4	24,7	4,5	4,4	0,1	0,2	1,4	1,5

Federal District	Specialized beef cattle 1,000 head				Mixed breed cattle 1,000 head				Specialized beef and mixed cattle produced for slaughter (live weight 1,000 MT)	
	Total		Including cows		total		Including cows			
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Southern FD	573,7	590,0	327,4	349,2	61,6	65,5	29,0	30,8	44,6	46,9
North- Caucasus	147,7	173,0	57,9	74,7	120,5	137,9	42,6	53,2	29,8	34,6
Volga FD	331,4	363,1	146,3	162,1	116,9	129,3	51,0	55,6	65,2	73,2
URAL FD	61,2	65,1	24,4	27,1	15,2	21,2	6,1	8,0	13,1	11,8
Sibir FD	283,4	241,0	125,5	108,7	162,9	169,8	63,8	67,1	69,5	70,1
Far Eastern FD	20,4	23,1	9,3	10,2	1,7	1,7	1,1	1,0	1,6	2,0

Source: Rosstat Report on 2013-2020 Agricultural Program Implementation

Trade Tables

Table 9. Russian Imports of Pork, CWE, Annual Series: 2011 – 2016 Quantity (MT)

	Calendar						2016/2015 Change %
	2011	2012	2013	2014	2015	2016	
World	970,654	1,069,869	882,528	516,001	408,025	347,123	-14.9%
Brazil	172,965	159,006	167,118	241,354	305,627	313,130	2.5%
Belarus*	84,586	103,217	72,919	24,996	4,834	10,379	114.7%
Ukraine**	16,521	27,469	6,447	5,938	35,285	320	-99.1%
EU-28	463,591	401,896	499,103	42,560	5,967	3,909	-34.5%
Canada	145,622	233,499	103,169	115,212	0	0	N/A
USA	75,420	114,325	7,718	25,936	0	0	N/A
Chili	6,869	24,107	22,361	31,830	30,805	10,930	-64.5%
Serbia	498	3,439	835	20,021	15,163	2,793	-81.6%
China	0	0	0	4,645	6,026	0	-100.0%
Paraguay			2,840	2,463	2,048	2,703	32.0%
Others	4,582	2,911	18	1,046	2,270	2,959	30.4%

*Source: Federal Customs Service of Russia; *Belstat*

Table 10. Russian Imports of Beef, CWE, Annual Series: 2011 – 2016 Quantity (MT)

Partner country	Calendar Year						2016/2015 Change, %
	2011	2012	2013	2014	2015	2016	
World	990,504	1,023,393	1,023,196	928,640	621,055	518,049	-16.6%
Brazil	313,824	348,468	434,887	433,649	229,795	180,741	-21.3%
Belarus*	143,469	146,648	206,548	177,923	177,101	198,856	12.3%
Paraguay	70,670	167,257	195,211	181,761	132,294	104,403	-21.1%
EU-28	113,037	73,238	45,064	37,710	167	108	-35.3%
Uruguay	108,539	92,218	49,492	33,123	8,841	7,251	-18.0%
Colombia				2,237	9,027	6,857	-24.0%
Argentina	20,859	12,506	20,830	32,165	9,259	4,965	-46.4%
Ukraine	17,314	19,838	23,965	19,375	35,507	1,164	-96.7%

Australia	91,351	47,779	37,930	3,054	0	0	N/A
Others	111,441	115,441	9,269	7,643	19,064	13,704	-28.1%

*Source: Federal Customs Service of Russia; *Belstat*

Table 11 . Russian Imports of Live Cattle in 2011–2016; Quantity (Head); Cattle Types

HS Code	Description	Calendar Year						
		2011	2012	2013	2014	2015	2016	YTD% Change
0102	Bovine Animals, Live	94,468	137,613	97,023	74,647	144,238	62,885	-56.40%
010221 /010210	Cattle, Live, Purebred Breeding	86,534	136,982	96,894	41,958	33,065	30,402	-8.05%
010229	Cattle, Live, Other Than Purebred Breeding	0	432	0	32,501	59,895	31,310	-47.73%
010290	Bovine Animals, Live, Nesoi	7,394	199	69	169	647	1173	81.30%
010231	Buffalo, Live, Purebred Breeding	0	0	60	19	50,631	0	-100.00%

Source: Federal Customs Service of Russia